

POST-PASPA: AN EXAMINATION OF SPORTS BETTING IN AMERICA

HEARING BEFORE THE SUBCOMMITTEE ON CRIME, TERRORISM, HOMELAND SECURITY, AND INVESTIGATIONS OF THE COMMITTEE ON THE JUDICIARY HOUSE OF REPRESENTATIVES ONE HUNDRED FIFTEENTH CONGRESS SECOND SESSION

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POST-PASPA: AN EXAMINATION OF SPORTS BETTING IN AMERICA

THURSDAY, SEPTEMBER 27, 2018

HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON CRIME, TERRORISM,
HOMELAND SECURITY, AND INVESTIGATIONS
COMMITTEE ON THE JUDICIARY
Washington, DC.

The subcommittee met, pursuant to call, at 10:00 a.m., in Room 2141, Rayburn House Office Building, Hon. James F. Sensenbrenner, Jr. [chairman of the subcommittee] presiding.

Present: Representatives Sensenbrenner, Gohmert, Goodlatte, Chabot, Roby, Rutherford, Rothfus, Collins, Nadler, Demings, Richmond, Jeffries, and Lieu.

Staff Present: Robert Parmiter, Counsel; Joseph Zanon, Law Clerk; Scott McCullers, Coalitions Director; Joe Graupensperger, Minority Counsel; John Doty, Minority Senior Advisor; Danielle Brown, Minority Deputy Chief Counsel and Parliamentarian; Monalisa Dugue, Minority Deputy Chief Counsel, Subcommittee on Crime, Terrorism, Homeland Security and Investigations; David Greengrass, Minority Senior Counsel; and Veronica Eligan, Minority Professional Staff Member.

Mr. SENSENBRENNER. The subcommittee will come to order, and the chair is authorized to declare recesses at any time during this hearing.

Good morning. And I would like to welcome you all to today's hearing. First of all, let me say that the topic that we are going to be discussing today is probably just as important in terms of setting the future of American society of what is going on before our Judiciary Committee counterparts on the other side of the Capitol. But, obviously, we don't have the attention of the media, since we have a mostly empty press table over there, you know.

However, this is going to be an issue that is going to be really very, very important, you know, in terms of making a determination of how professional and amateur sports are played and any regulation, if any, the Congress should decide to put on the huge amounts of money that our bet both in legal and, in some cases, illegal forums.

The subcommittee will examine the state of sports gambling in America. This subject is extremely important and complex and development in the past year mean it may soon affect the lives of mil-

lions of Americans. Sports in America are tridently woven into our lives, they are our pastime, our passion. They bring us together. They divide us, hopefully in good sportsmanship, and they serve as an escape, and yet they consume us. I don't watch much television, but when the Packers and the Brewers are on the TV is on in my house. And I am able to get away from what goes on in this business. And I am particularly happy to see the Brewers on their way to the World Series. And come to Milwaukee if you want to see some really great baseball played in the month of October.

Earlier this year, the Supreme Court in the case of *Murphy v. NCAA* struck down the Professional and Amateur Sports Protection Act or PASPA. PASPA was enacted in 1992 with the express purpose of protecting the integrity of professional and amateur American athletics. As written, PASPA effectively prohibited State sanctioned sports betting nationwide. As long as it contained—although contained a grandfather clause, the exempting States where wagering was already legal, including Nevada. Its nullification by the Supreme Court was preceded by many years of litigation, mostly involving the State of New Jersey, and its efforts to establish a legal sports wagering regime.

In issuing the *Murphy* decision, Justice Alito wrote that the law unconstitutionally commandeered the regulatory power of the States to enact their own gambling laws. Of course, the Tenth Amendment provides that all powers not expressly granted to the Federal Government are reserved to the States and to the people.

Specifically, Justice Alito said the legalization of sports gambling requires an important policy choice, and this is one that we will be making here some time in the future, but the choice is not completely ours to make. Congress can regulate sports gambling directly, but if it elects not to do so, each State is free to act on its own. Our job is to interpret the law Congress has enacted and decide whether it is consistent with the Constitution. PASPA is not.

PASPA regulates State government's regulations of their citizens. The Constitution gives Congress no such power. The Supreme Court's ruling means that unlike during the 25-year existence of PASPA, States are now free to enact their own statutory and regulatory sports gambling schemes, and that is why we are here today. This panel before us should show how this issue permeates every level of government, and crosses from the gambling industry to professional athletics to organizations dedicated to protecting citizens and to State regulatory bodies.

Today I expect to hear from our distinguished panel about the options available in the post-*Murphy* environment. One option, of course, would be for Congress to reenact a Federal ban on sports gambling. Some have suggested that doing so would be as simple as prohibiting corporations and not States from engaging in sports gambling activities. And it would curb any use of legalized commercialized sports wagering to prey on vulnerable citizens.

Another possibility would be for Congress to defer to the States, allow them to legalize and regulate the sports gambling business. This option is attractive to many who want the free market to work its will since many current State laws and regulations already address such issues as age restrictions, record keeping requirements, and licensing and suitability determination.

And the third option would be for Congress to adopt uniform minimum Federal standards, which would guide the imposition of sports wagering across the Nation in the States that desire to legalize this practice.

Now, let me, you know, express a personal view. With the huge amount of money that is involved in sports gambling, both above board and below board, the temptation is there to throw games, whether it is done by officials, whether it is done by players, or whether it is done by, you know, the actual teams.

The first commissioner was appointed to oversee baseball following the Black Sox scandal. Recently there was an NBA referee that ended up being accused, and I believe convicted, of helping throw a game. And what I can say, also, being a Green Bay Packer fan is, you know, any controversial call like the extremely bad calls against Clay Matthews for roughing the passer, you know, in my opinion, the question will arise as to whether that call was made by a referee who was calling them as he saw them or by a referee who was trying to influence the outcome of the games. You know, unless something is done, you know, in my opinion, you have to protect honest and legitimate betters from those, you know, who would like to tilt games one way or the other illegally, unethically, and against the sports rules. We are going to be in for a huge amount of trouble in the future.

As I said at the outset, this is a complex issue involving a variety of other issues and statutes outside of PASPA. There may be need to update other Federal statutes to reflect this new reality. As a husband, father, grandfather and sports fan, I am committed to two things, protecting our children and the games we love. Any solution crafted by Congress must address these two principles.

And I thank our distinguished panel of witnesses, I look forward to your testimony, and now yield to the chair of the full committee, the gentlemen from Virginia, Mr. Goodlatte.

Chairman GOODLATTE. Thank you, Mr. Chairman. I am pleased to be here today and I want to welcome all of our witnesses. Sports gambling is an issue I know well. Throughout my tenure in Congress I have worked to curb the proliferation of unlawful online gambling activity.

In 2006, I led efforts to enact the Unlawful Internet Gambling Enforcement Act, or UIGEA. I have consistently noted the dangers of unlicensed, untaxed, and unregulated internet gambling parlors which suck billions of dollars out of American citizens, and can serve as a vehicle for money laundering by organized crime syndicates and terrorists.

Nevertheless, we are here today because earlier this year the Supreme Court struck down the Professional and Amateur Sports Protection Act, or PASPA, by a 6 to 3 vote on constitutional grounds. This means that State legislators across the country are now enacting their own laws to legalize and regulate gambling. Since the Supreme Court's ruling in May, the States of Delaware, New Jersey, Mississippi, and my neighboring State of West Virginia, which borders my congressional district begun taking legal sports wagers. It is a certainty that more States will soon follow.

Clearly, this issue is ripe for Congress' consideration, and I am pleased that we have such a diverse and distinguished panel to

educate our members on this issue. I want to make two things clear at the outset. I do not believe gambling is a victimless activity. In fact, I think online gambling, in particular, can be more destructive to families and communities of addictive gamblers than if a bricks and mortar casino were built next door. I am looking forward to speaking with Mr. Bruning, Mr. Bernal, and the rest of the panel about that.

My second point is this, I have said it for years. It is a key principal of Federalism that generally States have the authority to permit or prohibit activity that occurs wholly within their borders, presumably this would include gambling. However, with the development of the internet and online gambling, State regulations are difficult, if not impossible to enforce, as electronic communications move freely across borders.

I would also note that depending upon the administration and the will of the Department of Justice, Federal Government agencies have not done a very good job of enforcing UIGEA laws. That could be a key issue for Congress to consider, what role the Federal Government should have in this. The answer to that question underlies this entire issue. The Federal wire fraud statutes, for example, unquestionably criminalize fraudulent activity that occurs on the internet.

And Federal courts have consistently held that the internet is interstate in nature. Conversely, in recent years, many gambling operators have demonstrated technology that can allegedly, and I say allegedly, ensure a better placing a bet is located in a State where gambling is legal. Technology, in fact, has a pivotal role to play here. I recently witnessed a technological demonstration from a sports integrity monitoring service reporting on suspicious activity during a 2018 World Cup qualifying match between South Africa and Senegal.

As the game progressed and the odds changed on the number of goals that would be scored, the system recognized an algorithmic outlier while tracking the placement of wagers on the game. FIFA and the sports monitors began following the game more closely and saw the referee call a deliberate handball that simply did not happen. There was an investigation and the referee was banned for life for match fixing. The game was replayed and Senegal won qualifying for the World Cup.

Obviously, our technological capabilities as a society have come a long way. But even as we consider what is possible in that realm, it is our duty as law makers to remain focused on the fundamental constitutional questions, and to ensure we do what is best for our neighbors and families.

Mr. Chairman, I want to thank you again for convening this hearing. It is a difficult issue, but Congress has a duty to consider the issues related to it.

I am a father and grandfather, as you are, and what we do here will affect generations to come.

Thank you, Mr. Chairman.

Mr. SENSENBRENNER. I thank the gentleman. The chair now recognizes the ranking member of the full committee, the gentleman from New York, Mr. Nadler.

Mr. NADLER. Thank you, Mr. Chairman. I commend the subcommittee's chairman, Jim Sensenbrenner, and the ranking member, Sheila Jackson Lee, for holding this hearing today on a topic that is important for Congress to examine because of recent developments in the law, and to having the nerve to hold it despite the developments in the other body that are capturing some people's attention.

In June, the Supreme Court ruled that the Professional and Amateur Sports Protection Act, otherwise known as PASPA, which prohibited States from authorizing sports betting violated the Tenth Amendment to the Constitution. In response, several States have enacted laws to allow interstate sports betting, joining Nevada, which had been grandfathered because it allowed heavily regulated sports betting prior to PASPA.

Certainly, we should all acknowledge that there is already a huge volume of sports betting taking place in this country, whether or not it is allowed by law or regulated in any way. Varying estimates indicate that the level of illegal sports betting is between \$50 million and \$200 million, and we don't even tax it.

Whether it takes place through a local bookmaker, online through an offshore sports book, or in a State where it is legal and regulated, sports gambling has long been a part of our culture. In fact, betting actually serves to generate a substantial amount of interest in the sports themselves. We cannot simply prevent sports betting by enacting laws to prohibit it and pretend that it will go away.

However, that is not to say that government does not have an interest in ensuring that such gambling is free of fraud, as we say, on the up and up. As more States enact laws to allow sports gambling within their borders and seek to establish standards and regulatory frameworks to govern how it may take place. Congress should examine these issues towards involving the integrity of gaming and consumer protection.

Today's hearing is a good start. Before us today is a broad spectrum of witnesses who will testify from each of their differing perspectives concerning what is taking place, how it impacts our citizens and the professional sports leagues, and how sports betting is currently and most effectively regulated in some States. I suspect this will be the beginning of a conversation about these issues that we will continue, as the situation evolves and as our country adapts to the post-PASPA legal framework.

I look forward to our discussion today. I look forward to hearing the witnesses. And I yield back the balance of my time.

Mr. SENSENBRENNER. Thank you. Without objection, other members' opening statements will be made a part of the record. We always begin our hearings by swearing in the witnesses. We have some very distinguished witnesses today. And would you please rise.

Please raise your right hand. Do you solemnly swear the testimony you are about to give before this committee is the truth, the whole truth, and nothing but the truth, so help you God?

Let the record show that all the witnesses answered in the affirmative, and please be seated.

I will introduce all of the witnesses and then call on you for 5-minute statements, going from my left to my right, opposite if you are looking at me rather than me looking at you.

Our first witness today is Ms. Jocelyn Moore, executive vice-president for communications and public affairs at the National Football League.

Our second witness is Mr. Les Bernal, who is the national director of Stop Predatory Gambling.

Our third witness is Ms. Sara Slane. Ms. Slane is the senior vice-president of public affairs at the American Gambling Association.

Mr. John Bruning, our fourth witness, joins us today in his capacity as counselor to the coalition to stop online gambling.

And our fifth witness is Chairwoman Becky Harris. Chairwoman Harris is currently serving as chair of the Nevada Gaming Control Board.

All of the witness' written statements will be included as part of their testimony, without objection. I ask that each witness summarize his or her testimony in 5 minutes or less. You will see green, yellow, and red lights in front of you. You know what they mean. And the chair intends to strictly enforce the 5-minute rule, both on the witnesses and on the members.

So, Ms. Moore, you are up.

TESTIMONY OF JOCELYN MOORE, EXECUTIVE VICE PRESIDENT, COMMUNICATIONS AND PUBLIC AFFAIRS, NATIONAL FOOTBALL LEAGUE; LES BERNAL, NATIONAL DIRECTOR, STOP PREDATORY GAMBLING; SARA SLANE, SENIOR VICE PRESIDENT OF PUBLIC AFFAIRS, AMERICAN GAMBLING ASSOCIATION; JON BRUNING COUNSELOR, COALITION TO STOP ONLINE GAMBLING; AND BECKY HARRIS, CHAIR, NEVADA GAMING CONTROL BOARD

TESTIMONY OF JOCELYN MOORE

Ms. MOORE. Chairman Sensenbrenner, Chairman Goodlatte, Ranking Member Nadler, Ranking Member Jackson Lee, and members of the committee, thank you for the opportunity to testify in the wake of the Supreme Court's ruling on the Professional and Amateur Sports Protection Act, or PASPA.

While we respect the Court's ruling, it has ushered in a new reality. The absence of clear sports betting standards threatens the integrity of our Nation's sporting contest, something Congress has sought to protect for nearly 60 years. In the majority opinion, Justice Alito wrote: Congress can regulate sports gambling directly, but if it elects to do so, each State is free to act on its own. To protect consumers, we urge Congress to immediately create new standards for legalized sports betting.

Since the Supreme Court's decision, State governments are rushing to promote sports betting. And we are witnessing a regulatory race to the bottom. There is no greater priority for Commissioner Goodell than protecting the integrity of our sport. NFL fans, players, and coaches should know that we are committed to ensuring no improper influences affect the game.

We recently republished our longstanding gambling policies and retrained nearly 10,000 individuals league-wide in the wake of

PASPA, in players, coaches, officials, medical staff, and game day personnel. The training reinforces that everyone associated with the NFL is a steward of game integrity, and must uphold high ethical standards.

We remind everyone, NFL policies ban improper influences such as protecting nonpublic information about player status and game plans, and prohibiting otherwise legal gambling associations to avoid even the appearance of impropriety. Yet, we are very concerned leagues and States alone cannot fully guard against the harms Congress has long associated with sports betting.

As Congress recognized, when it enacted PASPA, sports betting issues cannot be confined within State lines. Since then the internet has significantly compounded these issues. Sports betting remains an internet question—an interstate question—excuse me, requiring a Federal response.

Therefore, the NFL is calling upon Congress to, one, ensure a sports betting framework with substantial safeguards for consumers. Two, provide law enforcement tools to protect fans and penalize bad actors. And, three, protect league consent and intellectual property. To protect consumers and game integrity, we recommend Federal legislation, establish criteria for State regulatory entities, enforce age limits on sports betting, require use of official league data, preclude risky betting fixtures, prohibit insider and high risk sports betting, and include responsible gambling resources.

We also believe Federal legislation should include strong enforcement provisions to eliminate the illegal market. It has long been a core argument advanced by gambling proponents that legal sports betting will bring illegal activity into the light. It is unlikely the mere existence of a legal market will, on its own, minimize the illegal market.

Participants in the illegal market are comfortable using it, may receive better odds, and can avoid paying taxes. We believe eliminating illegal gambling requires active monitoring and enforcement backed by significant civil and criminal penalties. While State regulators clearly have an important role post-PASPA, the Federal Government has primary authority regarding interstate commerce, interstate law enforcement, and international sanctions against corruption and money laundering.

Therefore, we recommend Federal legislation require operator licensure and auditing, facilitate ease of information sharing between leagues, operators, and law enforcement, and combat domestic and international money laundering, tax evasion, and corruption.

Finally, league content and intellectual property need protection. We ask Congress to ensure our marks, logos, and intellectual property cannot be used without consent. Our nationally and internationally broadcast games are widely available for fans to enjoy. Unfortunately, this also means our product is widely available for unofficial data providers to potentially abuse.

Consumers who choose to place wagers should know data is timely, accurate, consistent across markets, which can only be assured if the data comes from sports leagues or their licensees.

In closing, the NFL is not advocating for a sweeping expansion of Federal law at the expense of State sovereignty. We are asking for core standards to protect the integrity of our game, and by extension, millions of fans who are your constituents. Nearly 30 years ago, former Senator Bill Bradley warned, State-sponsored sports betting could change forever the relationship between players and the game and between the game and fans. Sports will become the gamblers' game and not the fans' game, and athletes will become roulette chips.

Congress' longstanding commitment to protect to integrity of American athletics is deeply rooted. You have been our essential partner, and we are asking you to partner with us once again. Thank you.

Mr. SENSENBRENNER. Thank you, Ms. Moore.

Mr. Bernal.

TESTIMONY OF LES BERNAL

Mr. BERNAL. Good morning. Good morning. My name is Les Bernal and I am the national director of Stop Predatory Gambling, which is a national government reform network of individuals and organizations from across the U.S. I am also a parent and a former high school and college mens' basketball coach.

We believe in improving people's lives with compassion and fairness. We believe everyone should have a fair opportunity to get ahead. And we believe every person's life has worth and that no one is expendable. And because of what we stand for, we are one of the most politically diverse organizations in the country, one in which conservatives and progressives work side by side to improve the common good.

The leaders of all political stipes agree that improving opportunity and mobility out of poverty is one of the defining challenges of our time. Around 50 percent—50 percent of the U.S. population has zero net wealth, meaning their debts equal their assets. Yet, one of the major sources of this serious situation has been ignored for too long.

The American people are expected to lose \$118 billion of their personal wealth to government—government sanctioned gambling in 2018. Many of these citizens suffered life-changing financial losses. If Congress doesn't take action when it comes to gambling, then the American people are on a collision course to lose more than \$1 trillion of wealth to government sanctioned gambling over the next 8 years.

Adding sports betting onto the mix is going to make these financial losses even more severe. So what makes gambling different than any other—every other business or commodity, including those vices like alcohol and tobacco, is that gambling is a big con game. Citizens are conned into thinking they can win money on games that are designed in the end to get them fleeced. And that is true for sports gambling as well.

If you pay for a book, a glass of wine, a ticket to a sporting event, that is what you receive in return. In commercialized gambling, what you receive is the lure that you might win money in a game that the math is stacked against you and inevitably is you are going to lose in the end, especially if you keep gambling.

So let people gamble, you might say. You know, if they want to gamble, go do it. Well, one can be a libertarian on this issue, while at the same time believing that we can cross an unacceptable ethical line when we go from allowing individuals to gamble to allowing our government to set up a massive marketing and distribution scheme urging people to do so.

So lobbyists for sports gambling and those who have a vested financial interest in gambling, they like to talk a lot about illegal gambling. So presently in the United States there is no illegal gambling operator that is putting liens on the homes of citizens to collect gambling losses, like legal operators do. There is no illegal operator who is sending free gambling wagers by direct mail to your constituents to lure them to gamble, like the legal operators are doing today.

There is no illegal operator pushing \$50 scratch tickets 7 days a week in the poorest communities of our country, like State lotteries do. And there are no illegal operators running gambling ads during live broadcasts of sporting events with such intensity, that one out of every five ads is to place a bet, which is what some of the legal sports gambling operators, who are maneuvering here in the United States, are doing in places like the United Kingdom.

There is no illegal operator sponsoring pro sports teams which involves team uniforms emblazoned with the names of gambling companies on them. Stadium and arena surfaces where continuous gambling ads surround the game itself, like the legal operators do in the United Kingdom, those same legal operators that are trying to come into the United States.

So State governments are often called laboratories of democracy. You know, that is where the vibrancy of democracy occurs at the State level, supposedly. But over the last 30 years, the record is clear, that when it comes to gambling policy here in America, States are laboratories of fraud, exploitation, and budgetary shell games. So public officials and opinion leaders who profess a desire to improve opportunity and to alleviate poverty often lament how few levers they have to pull to make such change happen.

Lever number one, needs to be stop turning tens of millions of Americans who are small earners, who could be small savers, and stop turning them into habitual betters. Thank you.

Mr. SENSENBRENNER. Thank you very much.

Ms. Slane.

TESTIMONY OF SARA SLANE

Ms. SLANE. Chairman Sensenbrenner. Ranking Member Jackson Lee, and members of the subcommittee, thank you for the opportunity to testify today.

AGA strongly supports the Supreme Court's recent decision to overturn the Professional and Amateur Sports Protection Act. We believe legal transparent sports betting regulated by States and tribes is a better system than the previous Federal ban that provided zero protections for consumers and sports integrity, and zero tax revenues for governments at all levels.

Transforming the illegal underground sports betting market into an open legal one under State and tribal regulatory oversight will accomplish five critical public policy goals.

First, it will give consumers the choice to opt-out of the legal regulated market versus an illegal one. Second, it will increase transparency giving State and tribal regulators the power to oversee betting. Third, it will protect consumers by ensuring that sports betting is fair, safe, transparent, and accountable. Fourth, it will enhance game integrity by providing regulators, sports leagues, and law enforcement with the technology, insight, and tools they need to monitor, identify, and shut down any suspicious or illegal activity. Fifth, it will generate jobs and tax revenues, giving communities new ways to boost local economies.

Fortunately, States and tribes already have the regulatory infrastructure in place to make legal sports betting safe and successful. Forty States currently have either commercial or tribal casinos, and every State in the country has some form of gaming, other than Utah and Hawaii. Because of the active robust State and regulatory tribal gaming oversight, gaming is one of the most strictly regulated industries in America.

Right now, over 4,000 gaming regulators with budgets that exceed \$1.3 billion oversee the gaming industry. And, of course, sports betting has been legal in Nevada for 50 plus years. Because of this strong regulatory infrastructure, the transformation of sports betting into a legal, open, transparent market is already taking place.

Since the ruling, Delaware, New Jersey, Mississippi, and West Virginia have joined Nevada as States that now allow single game betting on sports. Pennsylvania, Rhode Island, and New York have also enacted legislation to permit sports betting. Even before the PASPA ruling, 18 States were considering legislation to legalize and regulate sports betting.

Further, our industry has been working in partnership with other stakeholders, including the leagues and team owners. Multiple contractual deals have been reached, including the MBA, the Dallas Cowboys, and the Las Vegas Golden Knights. Therefore, there is no need to legally mandate financial terms or the official data purchase in statute, as some professional sports leagues have proposed, when it can be done via contract.

As sports betting is a low margins business, these policies will increase cost on legal sports books, thereby empowering the illegal operators to offer better paying and more competitive odds. Of course, sports betting, like all other forms of casino activity, will be regulated at the Federal level under the strict requirements of the Bank Secrecy Act. We already work in close partnership with the U.S. Treasury Department, specifically, the Financial Crimes Enforcement Network, to ensure strict adherence to anti-money laundering and know your customer regulations.

Furthermore, laws such as the Illegal Gambling Business Act and prohibitions on bribery and sporting events give Federal law enforcement tools to address illegal gambling and match fixing. Beyond operating under this web of regulatory protections, AGA and its members are taking additional action to ensure sports betting takes place in a safe and successful environment for our customers.

In addition to the \$300 million our members contribute to our responsible gaming programs, we are active in the prevention of underage gambling, training of employees, prevention, treatment, re-

search, and public awareness programs aimed at fighting problem gambling and providing help to those who struggle with addiction.

Given this vast experience successful State and tribal regulatory infrastructure, the Federal oversight and laws already in place and the partnerships we are driving with the leagues and team owners, AGA does not believe an additional layer of Federal regulatory oversight is needed at this time. Just as Congress has refrained from regulating lotteries, slot machines, table games, and other gambling products, it should leave sports betting oversight to the States and tribes that are closest to the market. And, further, there is no need for the Federal government to oversee the private contractual negotiations that are already occurring between the casino industry and the leagues and the owners.

The bottom line is, with such robust and rigorous regulatory oversight at both the State and Federal levels, there is no need to overcomplicate or interfere with a system that is already working.

AGA is committed to continuing a constructive dialogue on sports betting with all stakeholders, and I look forward to your questions. Thank you.

Mr. SENSENBRENNER. Thank you, very much.

Mr. Bruning.

TESTIMONY OF JON BRUNING

Mr. BRUNING. Chairman Sensenbrenner, Chairman Goodlatte, Ranking Member Nadler, members of the committee, thank you so much for inviting me here today and hosting this hearing on a critical issue.

Through court decisions and DOJ legal opinions, the Federal Government has effectively abandoned the playing field. Chairman Goodlatte, you mentioned the law you worked so hard on, UIGEA, it is not being enforced, it is not working. And it is not working because it is not being enforced.

In short order, Congress has to act. So I am Jon Bruning. I am the managing partner of Bruning Law Group. I served as Attorney General of Nebraska for 12 years, and I am here to bring a law enforcement perspective to this sports betting discussion. So please allow me to make three points.

First, sports betting is a low margin venture. It doesn't return meaningful tax revenue to the States. Illegal offshore sites, local bookies don't pay taxes, they don't have compliance costs, they don't report their winnings to the IRS. And to the extent States tax sports betting, it is going to drive even more gamblers to these illegal operations.

In response, second, to the court's decision in PASPA, Congress has to enact legislation to protect citizens to preserve the rights of States that don't authorize sports betting and to combat criminal activity, and that effort is bound to take years and not months. And my third point. While Congress sorts through these issues, the Federal Wire Act needs to be restored. It and other Federal gambling statutes need to be enforced to prevent and prosecute illegal online gambling operations.

Now, of course, States can regulate brick and mortar casinos, they do it well, like my friend, Chairwoman Harris here in Nevada, some of them are exceptional because they have been doing it since

the late 1940s. But those who say there is no need for a Federal role in the regulation of online gambling need only to look to the challenges faced by States in legalizing marijuana without Federal assistance.

California's revenues, for example, are a third less than projected because it is easier and cheaper to buy illegal marijuana. Colorado and Oregon are struggling with banking environment food safety issues and they are now asking Congress for assistance with all of those. For States like mine in Nebraska where marijuana is illegal, law enforcement has been overwhelmed with marijuana flooding into the States, and we are left with no recourse against the States enabling this illegal activity. So the same problem is going to happen with online sports betting.

Except Nebraska law enforcement is not going to try to stop cars on the interstate, they are going to be forced to pursue online gambling companies with no physical presence in our State. So how does an attorney general, like I used to be, prosecute an illegal online gambling company? What do you do? Do I send an investigator to the Cayman Islands? I don't think so. Under what authority? Is an attorney general going to be investigate and prosecute in a foreign country?

So online gambling, it is uniquely susceptible to abuse by criminal organizations. DOJ itself said that internet gambling carries a potential for fraud and money laundering, and the involvement of organized crime. The FBI said it may be vulnerable to a wide array of criminal schemes. It could be used to launder money and could even be used to engage in public corruption, or maybe even used by a terrorist organization.

Illegal online casinos, including those operated by organized crime have every profit incentive to take advantage of consumers. And when it comes to illegal offshore sites, States simply do not have the legal authority or the resources to protect our citizens from these criminal ventures. We don't have the resources to prevent our residents from migrating to these illegal offshore books, which oftentimes, by the way, manifest themselves in a website on a phone. That is how people are going to their bookie in 2018.

Indeed, there is some doubt whether even Federal authorities have the resources to police online gambling. Since 1961, the Wire Act has prohibited all gambling involving interstate telecommunications, including online gambling. In December 2011, the USDOJ claimed that the Wire Act applied to sports betting, not to other types of online gambling. That was DOJ. That wasn't you, Congress, you had already said what you wanted to say with UIGEA.

Now, that opinion is flawed, obviously, it is wrong in its conclusion. And even under that opinion, the Wire Act still applies to sports betting. So that means if sports books that want to hedge their risk by establishing a national pool or create interstate compacts or lay out bets across State lines, they are all going to do so in violation of the Wire Act, if Federal authorities want to act.

But Congress is going to have to, because the Federal government has shown that it is not acting. It is going to be up to you to protect States that don't authorize sports betting. To protect the most vulnerable among us, particularly kids who have access to phones and sometimes mom and dad's credit cards. If there is any

doubt that that is what will happen, I urge you to look at my written testimony where I identify a host of U.K. studies discussing the predatory nature of online gambling on U.K. kids, and my friend, Mr. Bernal talked about those as well.

The issues created by the Supreme Court's decision are complex, it is going to take time for Congress to work through the issues to establish some Federal guardrails. In the meantime, illegal gambling operations should not be permitted to feast on American citizens in the interim. That is why the Wire Act must be restored and Federal gambling laws enforced against illegal operators. Thank you, Mr. Chairman.

Mr. SENSENBRENNER. Ms. Harris, your bet and clean up.

TESTIMONY OF BECKY HARRIS

Ms. HARRIS. Thank you, Mr. Chairman, Ranking Member Jackson Lee, and members of the subcommittee. Good morning. I am Becky Harris, the chairwoman of the Nevada Gaming Control Board. I have a lot to say. I will probably speak a little quickly.

Nevada has over 6 decades of experience regulating sports betting and has invested significant resources into our robust and seasoned regulatory structure. You have received Nevada's statutes, regulations, licensing internal controls, and some Nevada's sports books specific financial transaction reporting forms.

Every company that conducts wagering in Nevada is subject to strict licensing investigations to ensure that the company itself and the individuals associated with it are of the highest quality. Wagers of all types, including sports wagers are only taken under the strictest of State government controls.

Nevada imposes strict audit and accounting requirements on our licensees. Our sports betting systems document each wager received, every win paid out, results of events, and changes in odds. Sports books must also maintain a bond that guarantees payment of wagers, and surveillance requirements are imposed where sports wagers are offered.

Nevada has considerable consumer protection processes. When disputes arise, an investigation is conducted. We have a hearing and adjudication process that is provided at no cost, regardless of where the patron resides around the world. Please allow me to share with you what Nevada considers to be critical to legalized regulated sports betting.

First, integrity in gaming is absolutely critical. Sports betting scandals are more likely to occur in illegal markets where there is no regulatory responsibility, where monitoring betting patterns is of no concern and where line movements may not matter. Nevada's sports books closely monitor fluctuations in betting activity as possible indications of integrity problems.

On many occasions, Nevada sports books have been the first to identify suspicious betting activity and alert law enforcement agencies and sports organizations. Our sports book operators decline bets that are placed on behalf of others for compensation, set limits on the amount of action they will accept on a particular game, and can take a game off the board if unusual betting activity is occurring.

Second, States are in the best position to regulate sports betting. Nevada takes the view that States are the best equipped to regulate sports betting within their own borders. It is a responsibility that Nevada takes seriously and performs with fidelity. Federal regulation would only add unnecessary cost, delay the licensing process, increase taxation, and create additional complications.

Third, it is imperative that jurisdictions embarking on legalized sports betting understand the impact tax rates have on both the legalized regulated sports betting market and the illegal sports betting market, and that includes fees. To foster a robust and healthy legal sports betting market, State and Federal tax structures must be reasonable. Additional fees, especially when they are taken from a sports book handle, only serve to facilitate offshore illegal gambling operations by making legal betting products that much more expensive. You have received a chart outlining how additional fees would impact Nevada sports bowl—or Nevada's Super Bowl right and win for the past 27 years.

Fourth, combating illegal operators is and will be an ongoing reality regardless of any Federal legislation. The board's 90 sworn peace officers currently with and will continue to assist other jurisdictions, including Federal law enforcement agencies. The best way to eradicate illegal activities is through coordinated and productive law enforcement efforts. Sharing information relating to suspicious betting activities with other jurisdictions will help eradicate illegal book making operations, and is something Nevada books do now.

Make no mistake about it, illegal book makers don't worry about complying with regulations, paying taxes, establishing reserve accounts, or providing responsible gambling materials.

Fifth, sports wagering technology must demonstrate and maintain the highest standards of integrity, accountability, and regulatory compliance. What many of the new sports betting jurisdictions take for granted, Nevada has developed and refined for decades.

Sixth, new jurisdiction should create a mechanism to address the challenges that arise for those unable to gamble responsibly. Providing resources for those who struggle with addiction or the inability to limit gambling is important. You have packets from the Council from Nevada on problem gambling.

Seventh, a forum for stakeholders to come together to discuss issues of mutual concern. I have been working with UNLV for quite some time to establish a U.S. regulated sports betting forum where stakeholders, regulators, law enforcement, sports organizations, tribal leaders, and others will have an opportunity to communicate across jurisdictions to discuss problems of mutual concern, and put into place thoughtful solutions crafted from diverse experience.

Sports betting will continue to grow and evolve. As my predecessor once said, we have been in this business for decades and haven't had any problems. What we have here is a regulatory process specifically to monitor what happens on both sides of the counter. This is all we do, and we are good at it. I have to concur.

Thank you for giving me the opportunity to present this information to you today.

Mr. SENSENBRENNER. I would like to thank you all of the witnesses for very interesting and enlightening testimony from five

different perspectives. And this will be very helpful as we start out dealing with this issue.

I will yield myself 5 minutes to begin the questioning. And, Ms. Slane, I would like to talk to you first. I am a great believer that the market works. You have stated that if there is an expanded legal sports book, it is going to drive away betting from the illegal sports books. Let's look at what the illegal sports books offer. They don't ask for an ID. Many of them don't ask for money up front. If you strike it rich, they don't talk to the IRS. So the IRS doesn't get a 1099-G report. And sometimes they offer even better odds.

Now, if I were running around with a fistful of money that I wanted to bet, where would I go when the illegal sports book is offering all of these other goodies that a legal sports book cannot?

Ms. SLANE. You hit the nail on the head. I don't think any panelists that is sitting here today would not agree that this is a race against the illegal operators that are out there right now that don't pay taxes, that don't care about consumers, that have no regulatory oversight or protections. We are in a highly regulated industry. We are licensed. We privileged with that license. If we do anything wrong, that license can be pulled by our gaming regulators.

We have a commitment and responsibility to those consumers that we employ that are in our communities. We want to make sure that this is done in a safe way. Sports betting is a low margin business. So in order for us to compete with the illegal market, there have to be the policies in place that enable us to do that, offer competitive odds, and drive traffic to our legal regulated—

Mr. SENSENBRENNER. Again, I get back to the point that the market works. And, you know, if I want to strike it rich and I get better odds, and the IRS doesn't know that I struck it rich, you know, why am I going to go to a legal sports book when I can put my money, you know, at more risk by going to an illegal one?

Ms. SLANE. In surveying and looking at those people that are participating in illegal activities, 70 percent of them do want to move from the illegal market to the legal regulated one, but we cannot as legal regulated operators be hamstrung, so we have to have those policies in place.

Again, can't have overburdensome tax rates. Can't have an additional layer to oversight or regulation that then impugns us from completing with those illegal operators that are able to offer better paying odds.

Mr. SENSENBRENNER. Okay. Thank you. Now, Mr. Bruning, I have read your data about online gambling in the United Kingdom, and particularly online gambling by kids. You know, every kid their most prized possession is their smartphone, it is not their driver's license anymore when you and I were growing up, but it is the smartphone. And we see in the U.K. over half of 16 year olds have gambling apps on their phones.

Two out of three of those teens say they are bombarded by online gambling advertisements. And in one case that you put in your testimony, one 13-year-old somehow got a hold of dad's credit card and ran up a \$140,000 bill for gambling losses in a matter of days because he was watching his favorite soccer team, which must not have been very good if he did all that.

How are we going to be able to regulate this, given the fact that the internet isn't regulated. And we, you know, end up seeing all kinds of ads, including ads that urge young people who are over 18 to vote for Jim Sensenbrenner in a few weeks, how do we deal with that?

Mr. BRUNING. Mr. Chairman, it is a great point. I mean, imagine that company, it is Betfair, imagine they decide to target 15 year olds in the Milwaukee area, right now, which you can do with geolocating, and they start to target them for online gambling. The imagine the Attorney General of Wisconsin, Brad Schimel, and Brad says, this is wrong, when he talks to you, and he says, Congressman, this is wrong, we are going to do something about it. Let's go get Betfair, which is housed in the U.K. Now what is the next step the attorney general is going to take? There isn't one, that is the problem. We need Federal oversight. We had it with UIGEA, it is not being enforced. Congress needs to act. That is why we are urging that the Wire Act be restored, UIGEA enforced, and Congress begin to have the a year's long discussion of what that Federal oversight is going to look like.

Mr. SENSENBRENNER. Well, my time is just about up, you, know. Let me say that when Brad Schimel gets frustrated, he is going to call me up or see me at some kind of a political event and start shaking his finger at me, and pointing at me. So that means we do have to act.

The gentleman from New York, Mr. Nadler.

Mr. NADLER. Thank you, Mr. Chairman. Mr. Chairman, before I begin, I forgot to ask unanimous consent to put two documents into the record. The Sports Bettor's Bill of Rights from the Sports Fans Coalition. And anybody from Sports Fans, I would hope that we put it in the record. And the statement, for the record, submitted with a poker face by the Poker Alliance.

Mr. SENSENBRENNER. Without objection.

Mr. NADLER. Thank you, Mr. Chairman. Mr. Bernal, let me ask you first. I am very troubled by this whole subject. The first thing I ever did politically was write a paper for a New York City mayoral candidate years ago in which I recommended to him that he take a position against the establishment of off track betting because I found, after research, that in every State which had adopted off track betting, including some which adopted it, repealed it, came back again, every indication of social pathology went up.

So on one hand that is a good argument—that is an argument, I shouldn't say good argument, I don't know, it is an argument against legalized gambling. On the other hand, you are going to have illegal gambling, and you can't—you really can't stop illegal gambling, we know that. So how do you balance this?

Mr. BERNAL. So the way you balance it is you take government out of the business of profiting from gambling. So right now in your State of New York, it is one of the biggest, most active gambling States in the country. You got—

Mr. NADLER. New York City off track betting was abolished because it wasn't—

Mr. BERNAL. So your paper that you wrote was right on the mark. That thing was dead on arrival. Gambling at its core, it is a con. So when you say people are going to be doing illegal gam-

bling throughout history, that is true. People are going to always have the urge to gamble, but the role of government, whether you are-regardless of your political stripes, is not to go out and encourage citizens to gamble.

So what happened when New York legalized its lottery, it first started, it was no advertising, and then it wanted more money. We need more money to pay for education or whatever it may, they started advertising it over and over again. Now you got casinos across your State and now they are trying to bring in online gambling—

Mr. NADLER. So we should legalized gambling but not promotion by the State?

Mr. BERNAL. If you want to allow gambling in small licensed games, take the government out of it, eliminate the aspect of a house, and then take—especially eliminate the marketing and gambling of advertising by government in its partnership with these big powerful gambling organizations. If you did that, the urge, the incentive for people to gamble would dissipate. We have normalized gambling for our generations of people today.

Mr. NADLER. I hear you. You does anyone want to refute what he just said?

Ms. SLANE. I don't—I think that by taking out the regulatory oversight and structure that allows you to go after that operator if they are inappropriately targeting people who have addiction problems, does not make a whole lot of sense to me. So, I mean, I have a book right here—

Mr. NADLER. We should allow—I am sorry, we should allow inappropriate—

Ms. SLANE. I am saying that by removing—by having legal regulated gaming and an oversight body and structure, you can work with the operators to make sure that those consumers that should not be betting are not betting. You have the authority then to—

Mr. NADLER. I understand. I get the argument. Mr. Bruning.

Mr. BRUNING. Congressman, if I may, online gambling is a whole different animal. Chairwoman Harris and the AGA, their members are excellent at identifying somebody that walks into a facility, is that a problem gambler, they are looking at it via facial recognition. They have staff that has techniques to determine. Are they impaired by drugs or alcohol. Is it somebody that is asked to be banned. That is at a facility. Online it is a whole different thing.

Mr. NADLER. Harder to regulate.

Mr. BRUNING. Kids push a button and say, I am 18. They might be 14. Like the story in the U.K. Kids grab dad's credit card, say, I am Jon Bruning, I am 49 years old. They punch in—my 19-year old could do that. My wallet is laying there, I am taking a nap on Sunday afternoon. It is happening all around the country, and it is a real risk if Congress doesn't act. That is why we are here asking you to act on the online portion.

Mr. NADLER. How would Congress prevent that?

Mr. BRUNING. Through Federal authorities, making sure that a company like Betfair in the U.K., only through Federal intervention are we going to hold Betfair accountable. It is very difficult for an attorney general in Nebraska or even New York, I worked with several of your attorneys general, even in a State with that kind

of resources, it is still very hard to hold a foreign enterprise accountable. But the Federal Government, there is more resources available, we have done it in the past.

Ms. HARRIS. Mr. Nadler, I would interject that when you remove the regulatory structure with all of its inherent capacity and different tools and levers to exercise influence over a licensee, you are going devolve into a situation that is no better unregulated gambling.

At the Nevada Gaming Control Board, my licensees have privilege licenses, which mean they don't have a right to get them and they don't have a right to retain them. When they cross the line or they act in inappropriate ways, the board has the ability to discipline and recommend disciplinary proceedings to the commission who ultimately make the decision.

Mr. NADLER. And you would say, or you wouldn't say, that we need Federal regulation to prevent the States from engaging in a race to the bottom?

Ms. HARRIS. So I would disagree that we are undergoing a race to the bottom right now.

Mr. NADLER. Not now but maybe next year. No, no, seriously, I am asking you.

Mr. SENSENBRENNER. The time of the gentleman has expired. The gentleman from Virginia—

Mr. NADLER. Can she please answer that.

Mr. SENSENBRENNER. Yes, the witness will answer.

Ms. HARRIS. I don't think right now is the time for any kind of Federal engagement with regard to gambling, I think States do a great job in every area, including the new sports betting. And we have just begun to see the roll out in other States, but Nevada has a comprehensive regulatory structure that has been refined over decades, and we have a lot of integrity in our process.

We don't have some of the challenges—and, again, I would take issue with the notion that there is some kind of race to the bottom with regard to gambling regulations.

Mr. NADLER. Thank you very much.

Mr. SENSENBRENNER. The gentleman from Virginia, Mr. Goodlatte.

Chairman GOODLATTE. Thank you, Mr. Chairman. Ms. Harris, let me follow up with that in the context of what Mr. Bruning has been talking about. I don't—I agree with you, I don't think the Federal Government should get involved in regulating traditional forms of gambling that take place on a premises in Nevada or any other State, the States should do that. I am not a fan of it, but I certainly don't think the Federal Government should presume to tell the States they can't do that.

Online gambling is a whole different animal. Completely different. How can you assure me that Nevada, in regulating online gambling, can tell whether or not it is a child that is placing the bet? How can they tell if the bet is being placed within the State of Nevada. Two requirements of UIGEA, Mr. Bruning is absolutely right, they are not enforced.

He is also, in my opinion, absolutely right, that the Wire Act, which we tried to modernize about 15 years ago, needs to be modernized. And, finally, how do you go after that company, legal in

Britain, or someplace else, or illegal in another country? How do you know to go after them in Nevada?

Ms. HARRIS. So I need to unpack what you said. There is a lot there in your statement.

Chairman GOODLATTE. There sure is. And you only have a minute, because I only have 3 and a half minutes left.

Ms. HARRIS. Let me help you understand. In Nevada, we don't have a lot of internet gambling. We passed a statute at the State level I believe in 2011 to allow that to occur, but there has not been a lot of popularity there. We have an interstate compact with Delaware and New Jersey with regard to an online poker platform to increase liquidity, and that is really where we see our online platforms.

With regard to the protections around minors and making sure we know who people are when they sign up for accounts, with regard to sports betting, which is what we are talking about today, Nevada does not allow for a true remote signup. You can begin your account online, but before you can place money into your wagering account and you can wager using a mobile device intrastate, not interstate, you have to go down to a casino and you have to show ID. And you are checked on LexisNexis and there are some background requirements that are performed to make sure that the person opening the wagering account is, in fact, that person and not a minor.

Chairman GOODLATTE. You don't have the ability, do you, in Nevada to stop what is going on in the U.K.? The chairman pointed out that half of 16-year-olds have gambling apps on their phones. Two out of three teenagers say they are bombarded by online gambling advertisements. And you are not going to be able to stop that from occurring in Nevada, are you?

Ms. HARRIS. Well, I believe that through our law enforcement agency—I have got 90 sworn peace officers. We work with jurisdictions throughout the United States and sometimes I believe internationally as well. But that problem exists, and what we are hoping for is a partnership in law enforcement with the Federal Government.

Chairman GOODLATTE. You don't think it would be a good idea to modernize the Wire Act and to go after online gambling by doing that and enforcing UIGEA?

Ms. HARRIS. I think there are some jurisdictional concerns that need to be looked at to determine if, in fact, you can do that.

Chairman GOODLATTE. Let me turn to Mr. Bruning, because I have sentiment for what he said, but I also have some questions about that. You have said the Congress needs to act. And I agree, we need to act with regard to modernizing the Wire Act. But we did UIGEA. It is not enforced. How does the Congress get that enforced?

Mr. BRUNING. Well, that is an excellent question. I mean, what you have, of course, is Nevada, which is sort of the top tier. And then you have New Jersey that let in PokerStars after—PokerStars had been prosecuted several years ago, Mr. Chairman, and those—they are still on the lam from that prosecution years ago, just sold and made \$2 or \$3 billion or whatever it was. Yet Pennsylvania, that has no effective age verification, it is only through Federal en-

forcement, how do you get Federal authorities to act? How do you get DOJ to act?

Chairman GOODLATTE. That is my question. Not only have we not been able to get them to act, but in the last administration they brought in some folks to the Office of Legal Policy at the Department of Justice. They flipped their interpretation of the Wire Act, and then they left and went back to work for companies or law firms that represent these gambling interests.

Mr. BRUNING. It is frustrating, Mr. Chairman. I would hope that that opinion from Justice at the time in 2011 was a one-off. If that were reversed, the FBI was enforcing against PokerStars, and they had a prosecution, a conviction back about 10 years ago. So they were effective in some enforcement.

Chairman GOODLATTE. I am going to take my last 30 seconds and ask Mr. Bernal if he wants to add anything to this?

Mr. BERNAL. It is not enforceable. Because when State governments have been in the gambling business, the record is clear, their objective has been one thing only, and that has been to maximize government revenues, not to protect citizens and not to promote the public interest. That is the bottom line.

Chairman GOODLATTE. That is a Federal ban, though, telling all States they can't have—

Mr. BERNAL. I love the way the Congressman said it. Congress has to act to stop States from this race to the bottom, and that is the only way to describe it. If you go into your districts and see these lottery retailers and what is happening in your districts, a trillion dollars of wealth is going to be lost over the next 8 years by the American people to government-sanctioned gambling.

Chairman GOODLATTE. I agree with you, but we have got to do what is possible.

Thank you, Mr. Chairman.

Mr. SENSENBRENNER. The gentleman from Louisiana, Mr. Richmond.

Mr. RICHMOND. Thank you, Mr. Chairman. And I know that our former chairman, Mr. Goodlatte, brought up online gambling, which is a different animal. And one of the things I do often when I go into a casino is look around, and far too often it appears that many of the people in there appear to look like they should not be in there and they have the least amount of disposable income to lose.

If we take this to I guess its logical conclusion of them having the ability to do it online or in another mechanism, how do we prevent them from using a credit card as opposed to a debit card? Because all of a sudden, they run up every credit card, they are in over their heads with no way out except to keep playing until they hit it big.

So is there a mechanism and has anyone talked about distinguishing between credit cards and debit cards. At least with a debit card, it has to be in the bank, but in a credit card you are just playing with other people's money that you eventually have to pay back. And anyone can answer that.

Mr. BERNAL. I will start first. That is the business model for commercial gambling. It is to try to get you into debt. Specifically when it comes to, you know, online gambling, the country of Ire-

land did the first national report on online gambling; and it showed that 70 percent of gamblers in Ireland who were participating in online gambling, 70 percent of them went into debt to place a bet. So the whole business is about getting you to chase your losses and to go well beyond your means.

Ms. SLANE. I would add that, again, you get back to the fact that this is one of the most heavily regulated industries in this country, that we are——

Mr. RICHMOND. I am going to cut you off, but not to be rude, but just to remind you. The question is, is there a distinction between debit and credit cards, and has the industry looked at how to prevent credit card use as opposed to debit card use? That is just a simple—have you all thought about it, are you going to try to address it?

Ms. HARRIS. I can talk to you about that in regards to sports betting. I have been talking to my sports betting operators about this very issue. Credit card companies are pretty reluctant to allow transactions to casinos, and there is a daily limit imposed by credit card companies with regard to any kind of funding into an account wagering account.

In Nevada, typically what we do is we use companies that are a prepaid credit card type item. And so people who want to gamble can put a set amount of money on that card, and then those cards are used in those transactions to make sure that there are some limits and some parameters around sports betting. So yes.

Mr. RICHMOND. And I am throwing it out there, because that is just one of my concerns. And I have been following one way or the other on this issue.

The other thing that I would note and I would like to introduce for the record, the one team report, which is testimony of the National Football Players Association and all the athletes that are part of this and I believe a stakeholder in this conversation.

Mr. SENSENBRENNER. Without objection, the material will be included in the record.

Mr. RICHMOND. And I guess I would talk to Ms. Moore. You can only speak for the NFL, but have all the I believe stakeholders been involved in this process? And when I mean stakeholders, I am not just talking about the football players that go out there and play every day.

I am talking about the referees who now every call is overly scrutinized, and you have someone at home and could have very real mental health challenges. And in this day and age with, I mean, our addresses are online. Everything is available.

So have we talked to the referees, the players, the coaches, the GMs about how they feel about it, because I am just curious what they would have to say?

Ms. MOORE. Congressman, thank you for that question. Yes, we have. As I alluded to in my testimony, we have had a longstanding gambling policy which prohibits a lot of activity. There are specific limitations for all of the individuals that you mentioned. Not just sports betting, but gambling writ large.

And so recently, we retrained 10,000 league personnel and individuals affiliated with the league. So that is all of our stakeholders. Players, coaches, GMs, owners have participated in that training,

to make sure that everybody not only is aware that the Supreme Court has made this decision but, again, underscoring our primary concern since our existence started, which is the integrity of our game.

Mr. RICHMOND. Well, very quickly, do you know that if all the major league—all the professional leagues have banned owners from owning or having an interest in any online sports betting establishments?

Ms. MOORE. I can only speak for the National Football League, and we do have a limitation. I can't speak for the other professionals.

Mr. RICHMOND. A limitation or ban?

Ms. MOORE. We have a limitation. And that is on gambling, any type of gambling. It is not specific to sports betting.

Mr. RICHMOND. But they cannot have an ownership interest, so it is a ban.

Ms. MOORE. It is a limitation.

Mr. RICHMOND. I don't understand the difference. Mr. Chairman, can I at least get that difference explained?

Ms. MOORE. There is de minimus interest, Congressman. So it is a limitation.

Mr. RICHMOND. Got it. Thank you.

Mr. SENSENBRENNER. May I ask a question. De minimus interest is if you are a shareholder in the Green Bay Packers? There are 300,000 of them.

Ms. MOORE. I think the Green Bay Packers is a little bit different, based on their structure. But de minimus interest is de minimus. It is—yes.

Mr. SENSENBRENNER. The gentlewoman from Florida, Mrs. Demings.

Mrs. DEMINGS. Thank you so much, Mr. Chairman, and thank you to all of you for being here with us today. I would like to talk a little bit about preserving the integrity of the games. And I would like to get your opinions on so-called integrity fees. And anyone can start.

Ms. MOORE. Congresswoman, if I could start, there is no greater priority for the commissioner than protecting the integrity of our game. We have worked for—with Congress for nearly 60 years on this topic. There is a group of Federal laws that we believe have been essential to protecting the integrity of our game. PASPA is one of those.

And so as we go forward, we believe that the Federal Government is the only entity, for all the reasons that have been identified by the panelists, that can protect the integrity of our game. Despite—

Mrs. DEMINGS. As opposed to the State level.

Ms. MOORE. As opposed to the State level. And, again, we are asking for core Federal standards. We are not asking for sweeping Federal legislation. What we are saying is there are things that everybody should be able to agree with. And while there are low margins in gambling, the risk to professional athletics and amateur athletics is extremely high.

Ms. SLANE. I would add two points to that. So this is where I could not say that we are more aligned with the leagues in pro-

moting the integrity of the game. I would also add that we are committed to promoting the integrity of the bet. So making sure the consumers, when they are participating in the legal regulated market, they are placing a bet in a safe and secure way.

You had asked about integrity fees. Namely, this was introduced by some of the leagues. They wanted to take 1 percent, which actually equated to 20 percent of revenue, off the top.

It goes back to what the chairman said at the beginning of this. In order for us in the legal regulated market to compete with the illegal operators, we have to be able to offer odds. We have to be able to offer bets. You want to move those consumers to the legal regulated market.

Everything that is happening in the illegal market, there is not going to be any promotion of integrity. There is not going to be any recourse if a consumer is unfairly targeted. There is not going to be—if they are processing credit card payments, which currently our operators are not allowed to do, there is no backlash to that.

So we 100 percent agree with the leagues that the integrity of the game is of utmost importance and as is the integrity of the bet.

Ms. HARRIS. Chairwoman—or Congresswoman, I would like to chair with you—

Mrs. DEMINGS. I like the chairwoman part, by the way.

Ms. HARRIS. Maybe one day. I would like to share with you a little bit about how things have impacted Nevada, particularly with regard to that 1 percent fee that has kind of been thrown around.

As the conversation has unfolded, I need you to understand a little bit about the way taxes are collected versus the way that the leagues are talking about implementing that fee. They are actually arguing that that fee should come off Superbowl right, which would be more than double the amount that the State of Nevada actually gets to collect in taxes, because we only collect taxes off of win. In other words, how much the casinos retain after all bets are paid.

And for Nevada, over a 27-year timeframe, that is about a 13.7 percent amount of Superbowl rights. And we are just talking about the Superbowl in the graphic that I provided to the committee as opposed to a 6.75 percent tax rate for the State of Nevada. So, in real numbers, that 1 percent fee just off of the Superbowl right would be \$24 million, while taxes to the State of Nevada would only be 11.

And so you really have to look at the fine points of when we have these global conversations around integrity. Nobody wants integrity in gambling more than the State of Nevada. We have spent a lot of years, over six decades ensuring that there is integrity in our process.

And I have personally sat down with different sporting associations to talk to them about things that they can do internally to help provide for integrity within their own structure and organization to make sure that, on the player side and on the sporting side, there is integrity in that process as well.

Mrs. DEMINGS. If we could pivot a little bit to—you know, with all of the discussions about protecting the privacy and data of your clients, if you will, what are the critical privacy and data protection issues related to legal sports gambling?

Ms. HARRIS. In terms of what the operators might distribute to third parties? I am unaware that they distribute any of that. Any of the information that the board gets is held in strictest confidence. Even when we have got a patron dispute process where somebody is challenging the outcome of a bet, we have an adjudicatory process and a hearing process where they are afforded some due process and some consumer protections. And even that is held in strict confidence until we get to the public hearing portion, and then it is just their image and their name that is disclosed. But I am unaware of any of my operators that are gratuitously misutilizing personal data.

Mr. BERNAL. Five seconds. There isn't a business in America that collects more data on consumers that has less spotlight on them than the gambling industry in this country. They know more about you than Google, okay. That is their business is to know as much about your finances and everything else as possible. So when we talk about data collection, they are number one on the list.

Mrs. DEMINGS. Thank you. With that, I yield back.

Mr. SENSENBRENNER. The gentleman from New York, Mr. Jeffries.

Mr. JEFFRIES. Thank you, Mr. Chairman.

I thank the witnesses for your testimony. Mr. Chairman, I would ask unanimous consent that a statement entitled One Team, which is testimony from the NFL Players Association, the Major League Baseball Players Association, NHL Players Association, NBA Players Association and Major League Soccer Players Association be entered into the record.

Mr. SENSENBRENNER. Without objection.

Mr. JEFFRIES. Thank you, Mr. Chairman.

Ms. SLANE, in the document that I just made reference to that was submitted by the various players associations throughout the country for all of the major sports leagues, they express concern that an increase in legal sports gambling in this country could threaten the safety of players, families, umpires, referees and other personnel. Is that a reasonable concern?

Ms. SLANE. Thank you for the question. We have spoken to all the players associations, unions. Again, I get back to how promoting the integrity of the game is of utmost importance to us. We have been a great partner I think with the law enforcement community—and Becky can specifically speak to this—in sharing information when we suspect something may be happening with that law enforcement body.

There was a proposal at one point in time that the leagues have access to this information directly. That is not how it has traditionally worked. We have no problem handing over information to our gaming regulator and/or a law enforcement agency if we suspect something. We do not view the role of sanctioning players as something that the gaming industry should be involved in.

Mr. JEFFRIES. Mrs. Moore, speaking from the perspective of the NFL, is it fair to say, as set forth in this joint statement, that players and families have already been subject to threats and physical assault by fans and game attendees?

Ms. MOORE. That is fair, yes, sir.

Mr. JEFFRIES. And is it fair to say it is no secret where family members sit during games or where players and their families live, where their children go to school?

Ms. MOORE. I believe that is fair to say, yes, sir.

Mr. JEFFRIES. And is it fair to say that steps will need to be taken that address not only the safety during games that could implicate or impact family members of players, but also in restricted areas, parking lots, team events, and where the athletes train?

Ms. MOORE. Yes, sir. And if I could just expand upon that, this is why the National Football League is focused on protecting the integrity. It is not just the integrity during the game and making sure that the public has confidence, but it is also in protecting all personnel, whether it is from, you know, unscrupulous actors or if a bet happens and someone is upset about a bet that happens and wants to take a certain action. We have to be sure that that protection extends beyond the game, and that includes to all league personnel.

Mr. JEFFRIES. And do you think these safety concerns that I think have been articulated that you and others perhaps agree are accurate and troublesome, in the context of what we are exploring, should be taken into consideration as Congress or various State legislative bodies consider what to do in this space?

Ms. MOORE. We do. And, again, I think that this is yet another reason why Federal framework is necessary. And we believe that Federal framework should provide a seat at the table for leagues and stakeholders relative to all of these issues.

Mr. JEFFRIES. And, Mr. Bernal, do you want to add to this discussion?

Mr. BERNAL. Only just that your question leads to the bigger question is, who are we doing sports gambling for? There is no grassroots movement for commercialized sports gambling in America. If I want to—you know, my barber cuts my hair and I place a \$10 wager on the Patriots, I mean, it is social gambling.

Who are we doing this for, okay? It is not being done to benefit the players. It is not being done to benefit ordinary Americans. It is being done to benefit some powerful media companies, professional sports team owners, and especially gambling interests in this country.

Mr. JEFFRIES. Ms. Harris, is it fair to say that there are certain types of bets, for instance, wagers on individual events or actions that occur during the actual game that are more susceptible to match fixing efforts and, therefore, would be a source of concern for us in this body to take under consideration, or do you think that sort of all wagers are effectively the same?

Ms. HARRIS. So I think there is an assumption that there is a variety of exotic wagers that are offered that are not offered. As I have talked to my operators about the types of wagers that they are offering, you are not able, as of right now in Nevada, to bet on when a field goal kicker places the football, if it is going to go to the left or the right of the goalpost. That is not something technologically that we are capable of. If there is going to be an in-play wager, it is going to be what is the score and outcome at the end of the first quarter or first half or the last drive.

And so I would argue that in a strictly regulated sports betting market, there is not a specific bet type that drives illegal market or is more susceptible to some kind of impropriety. But what does allow the illegal market to flourish is the accessibility, convenience, the ability to issue credit, and no requirements to report winnings that we see in the illegal sports betting market.

Mr. JEFFRIES. Thank you.

Mr. SENSENBRENNER. The gentleman's time has expired.

The gentlewoman from Alabama, Mrs. Roby.

Mrs. ROBY. Thank you, Chairman.

My question, which I would like to ask to all five witnesses, is what is the best way to ensure that these young student athletes are protected? These college students were already entering stadiums full of thousands of screaming fans before there would be any fiscal value assigned to a win.

And so I am wondering how the stakes will change for college athletes once online sports betting is open to collegiate athletics. And while I am sure I will hear a variety of answers, I am genuinely interested in what each one of you has to say about this.

So, please, I will open it and just go down the line. Thank you.

Ms. MOORE. Thank you, Congresswoman. The National Football League has been working very closely with the NCAA around core standards for Federal legislation. We believe that protecting the integrity of everyone, athletes at every level, does require Federal action, because what we have seen in States so far post the Supreme Court decision does not lead us to believe that the integrity of our games, the integrity of student athletes, the integrity of American athletics is being protected.

So the standards that we outlined around making sure that there are very strong State regulatory entities, making sure that there are age limits on sports betting, making sure that there are protections in game and out of game. As Ms. Harris has indicated, more and more betting is moving to more granular details in games. So it is not just about the outcome of wagers; it is about what is the number of yards gained, the number of sacks on a quarterback, whether there are penalties around the game.

And so it is critically important that we do make sure that certain bet types are limited. To the question that was raised earlier, we do actually believe there are differences in the different bet types. We believe that certain bets do impact the integrity of sporting contests more than others.

So, again, that is why we believe the Federal Government should be involved and that is why we believe that all stakeholders in athletics should have a seat at the table.

Mr. BERNAL. My answer is very short on that. Unequivocally, you cannot protect college student athletes in this country from gambling interests. They are already not paid, okay, for what they do. The notion that somehow we are going to be able to protect them from these very powerful financial interests that are wagering on their own games is absolutely pie in the sky.

So this isn't being done to benefit those players. So if you care about college kids and college sports, this is the worst thing that is going to happen to them. So, Congress alone—if nothing else was persuasive to you today, the idea that Congress, you know, needs

to act on some kind of prohibition on what is going on here, this is an obvious example.

Ms. SLANE. Thank you for your question. I would argue that Les is right, they are unpaid athletes. So right now, we have no idea if there is illegal activity that is occurring, because a lot of this is happening in the black market. So by legalizing it, regulating it, looking for discrepancies, then when something nefarious may be happening will alert then an operator to share that information with the law enforcement community and work with the college athletes. I think part of that too is just education and training. That is something I know that industry has been willing to work with the NCAA with and on.

The second piece of this is on the bet types, just getting back to that. There is actually a mechanism in place right now in Nevada that if the league opposes a bet type that is being offered, they can petition the commissioner, the gaming commissioner, and the gaming commissioner has the control then to say to the operator, you need to remove that bet.

Mr. BRUNING. I would just say, Congresswoman, that the internet doesn't have borders. And if you have betting online, it is going to be more opportunities for athletes to make horrible mistakes, so—particularly with a 50-State—50 different solutions in 50 States. You need a Federal overview. You have that, but it is not being enforced right now with UIGEA. But you need to continue to update that, as the internet now is completely robust that every kid has an opportunity on their phone.

Ms. HARRIS. Congresswoman, as a mother of a college athlete, I can give you a unique perspective. And I think that the most at-risk college athletes are those who are good enough to participate in college but are never going to make it to the pro part of whatever their sporting activity is.

I have had opportunity to speak with different universities and conferences about how we would maybe put some protections and some parameters around making sure that student athletes are protected, and I think some of the things that could be addressed are core internal university integrity processes.

How that player data is utilized by the university, and how players are compensated with regard to their scholarships, and whether or not there is any kind of particular parameter put around officials and all those other things and how that data may or may not leak out of the university structure, I think that those are some critical things that can be done.

Mrs. ROBY. Thank you. My time has expired.

Thank you, Chairman.

Mr. SENSENBRENNER. Well, this concludes a number of members that wished to ask questions. Let me thank all five of the witnesses for providing a lot of very useful information about the consequences of the Murphy decision of the U.S. Supreme Court.

I think the one thing that all of you agree on is that for Congress to do nothing is the worst possible alternative. So this means we have some work to do. And I am looking forward to working with you to try to come up with, you know, something both short-term and something more permanent to deal with this issue, because I

am afraid if we don't, there are going to be some people that get hurt and hurt very badly.

So, without objection, the committee stands adjourned.

[Whereupon, at 11:26 a.m., the subcommittee was adjourned.]

